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ECONOMIC SITUATION IN SASKATOON,
SASKATCHEWAN as of December 31, 1984

TABLE OF CONTENTS

	Page
Overview	1
1985 Outlook	2
Agriculture	3
Construction	6
Major Projects Underway and Planned	14
Retail Trade	14
Mining and Mineral Production	14
Employment	17
Business Development & Manufacturing Activities	19
Population	24
Saskatoon's Financial Viability	26
Summary	26
Appendices:	
Map indicating population distribution	28
Statistical comparison of key economic indicators for past decade	29
Publication price list	

ECONOMIC SITUATION IN SASKATOON, SASKATCHEWAN

O V E R V I E W

Upon review, 1984 was a year of mixed signals. The economic recovery had not fully taken shape, unemployment was unsettling; interest rates see-sawed throughout the year; yet construction activity was up over 1983; oil and gas activity broke all previous records; potash sales rebounded; gross farm income held its own and uranium sales increased.

The overall economic conditions are an improvement when 1984 is compared to 1983. There were some positive signs of a resurgence in consumer confidence and business confidence.

This is all well and good, but it cannot hide the fact that we are well below our potential.

1984 can best be described as a satisfactory year for the Saskatoon business community. There were some local and regional firms that ceased operations, but there was a significant number of new firms that opened.

It is estimated that retail sales again surpassed the $1 billion mark. In retail sales per capita, Saskatoon continues to lead the nation for cities of 100,000+ population.

Oil was the dominant story throughout 1984 with potash making a significant comeback. Coupled with this was increasing sales in uranium due to continuing expansion at the Amok and Rabbit Lake Mines.

The resource sector in tandem with new technology and the increasing importance of the service sector were leaders in putting Saskatoon in the forefront of production, output, and employment generators.

Saskatchewan's agricultural sector continues to be in a state of flux; however, net farm income was up 15% over 1983.

The city's population reached 172,000 representing a 3.9% increase.

Total building activity exceeded the $204 million level, and on a per capita basis, building permits for the 6 major cities in western Canada, Saskatoon ranked second.

The level of unemployment was a continual reminder that all was not well. Levels peaked at 13.5% and have since subsided to 10.8%. One of the more prominent reasons for this unacceptable level is that between March 1983 and March 1984, 71% of the provincial labour force growth occurred in the Saskatoon area. In light of this, there were in excess of 5,000 new jobs created in 1984. Again, on a per capita basis, Saskatoon is one of the nation's leading communities for job creation.

1985 OUTLOOK

The Royal Bank of Canada predicts that Saskatchewan will outperform the Canadian economy through 1985 and into 1986.

The Conference Board of Canada states that Saskatchewan's economy will grow at the rate of between 3% and 4%.

This augers well for Saskatoon as this city is an integral part of the provincial economy. Saskatoon is recognized as the provincial center for the mining industry, education, health, commercial financing, new technology, major agricultural distribution center, and a major tourism hub.

1985 will see continuing consumer confidence increase. A recent study shows that consumers will be more comfortable financially this year than they have been for some time.

The "misery index" which measures unemployment, inflation, and mortgage rates is expected to fall to its lowest point since 1977 according to Data Resources of Canada. Of the 3 components in the index, the greatest relief will come from lower mortgage rates.

Saskatoon will continue to be one of the leading communities in Canada in terms of growth throughout 1985. It is estimated that in 1985, the population will surpass the 175,000 mark. It is further estimated that building activity will again exceed the $200 million plateau and approach $230-240 million. A quick breakdown is as follows:

a)	Residential	$100 million+
b)	Institutional	80 million+
c)	Commercial	30 million+
d)	Industrial	10 million+

In addition, it is projected that expenditures exceeding $15 million will be spent on new capital equipment.

1985 will see continued growth in all sectors of the local economy, with the majority of investment coming from the local investment community and local entrepreneurs.

1. AGRICULTURE

Saskatchewan did not experience one of its better agricultural years in 1984. The drought played havoc in southern Saskatchewan, wheat midge in the northeast, and grasshoppers to the east and southeast.

The farming community surrounding Saskatoon in a 80 - 100 mile radius was not as severely affected as other regions, and as such, the economic downturn in disposable farm dollars was not as noticeable.

Statistics Canada estimates 1985 farm cash receipts at $4.28 billion -- up slightly from the 1984 projection. The increase in 1985 farm cash receipts will come from final payments on the 1983-1984 crop year, increased levels of cash advances, deferments from 1984 grain sales, and an expected payment from the Western Grain Stabilization program. Cash receipts from the 6 major crops are forecast to be below 1984 levels. Although livestock prices are expected to average higner in 1985, reduced marketings will result in lower receipts from cattle sales. Continued strong marketings will result in increased hog receipts in 1985.

A slight increase in 1985 farm cash receipts and a forecast 2% increase in farm expenditures will reduce 1985 realized net income to $864 million.

(Source: Saskatchewan Agriculture STAT FACTS)

Table 1 demonstrates the importance of the agricultural sector to Saskatchewan and Saskatoon (see also Fig. 1.) Next to the service sector, agriculture remains the largest single contributor to the provincial economy. The following chart depicts sector percentages of contributions to the Gross Domestic Product.

SASKATCHEWAN GROSS DOMESTIC PRODUCT AT FACTOR COST BY INDUSTRY

($ Millions)

	1983	1983%	1982%	1980%
Agriculture	$ 2,147	14.3	17.7	16.5
Forestry	37	0.2	0.2	0.2
Mining	1,454	9.7	8.2	12.8
Construction	809	5.4	5.1	5.8
Manufacturing	865	5.8	6.8	6.9
Transportation, Communication and Storage	1,164	7.7	7.9	7.7
Utilities	368	2.5	2.7	2.0
Trade	1,506	10.0	10.8	10.2
Finance, Insurance & Real Estate	2,443	16.3	12.4	12.3
Service	2,639	17.6	17.9	16.7
Public Administration	1,597	10.6	10.3	8.9
	$15,029	100.0	100.0	100.0

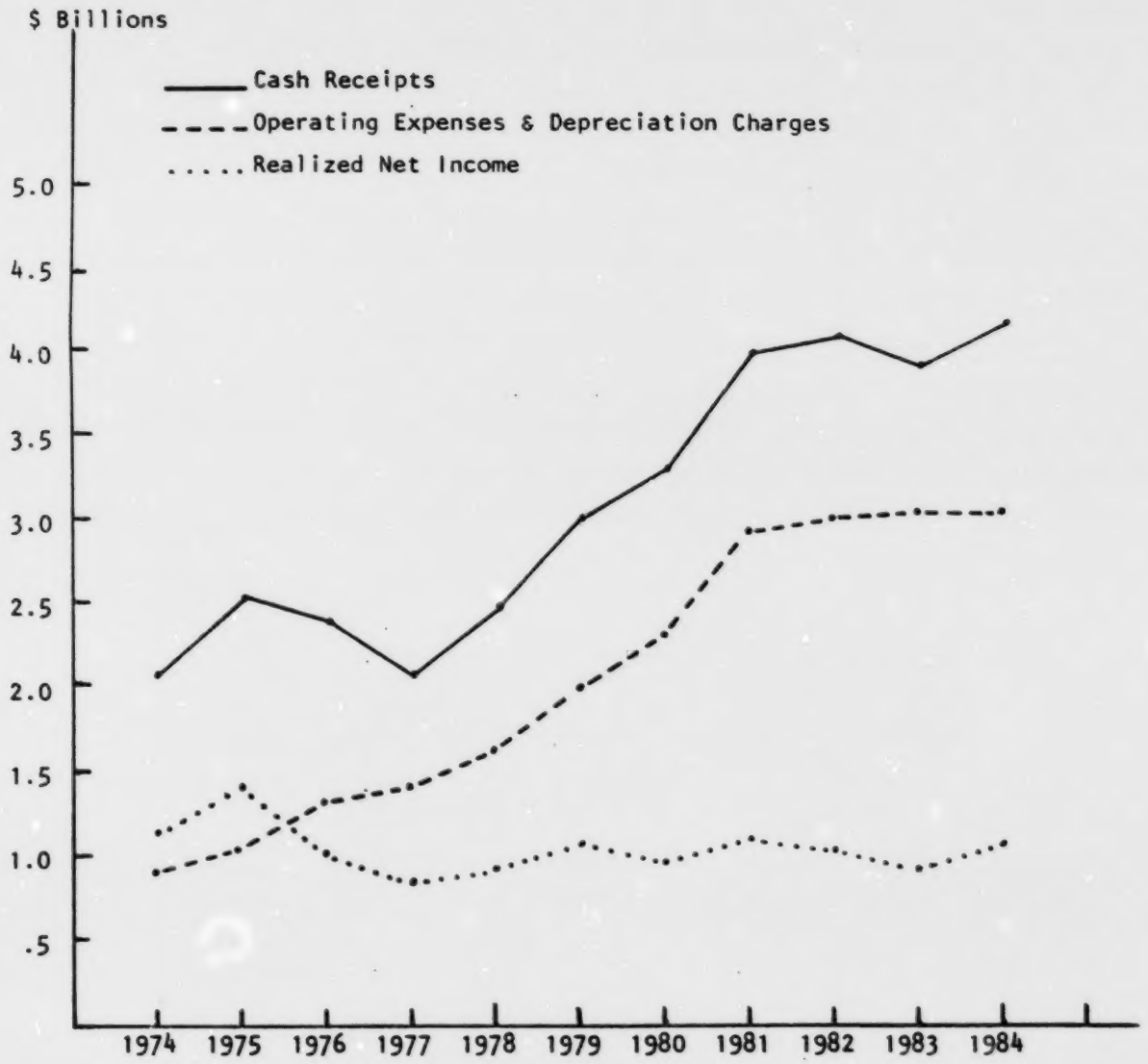
TABLE 1

Saskatchewan Farm Cash Receipts

&

Expenses and Income

1974 - 1984



Source: Statistics Canada 21-201 & 21-202

FIGURE 1

SASKATCHEWAN FARM CASH RECEIPTS, EXPENSES AND INCOME

1974 - 1984

Millions of Dollars

Year	Farm Cash Receipts	Operating Expenses and Depreciation Charges	Realized Net Income	Total Net Income
1975	$ 2,510.4	$ 1,123.6	$ 1,407.5	$ 1.486.3
1976	2,326.3	1,331.1	1,016.5	1,285.0
1977	2,163.2	1,394.7	791.9	844.8
1978	2,500.2	1,675.7	855.6	898.1
1979	3,033.1	2,026.6	1,042.7	820.5
1980	3,301.7	2,359.1	978.5	663.2
1981	4,018.4	2,908.0	1,194.1	1,575.2
1982	4,047.8	3,077.0	1,034.9	1,116.0
1983	3,961.5	3,242.8	913.5	578.4
1984	4,221.1	3,217.0	1,063.1	

* Cash Receipts included supplementary payments.

*Realized Net Income = (cash receipts + income-in-kind) - (Operating Expenses and depreciation charges).

*Total net income = (realized net income + value of inventory change)

Source: Statistics Canada - 21-202

Farm equipment sales are still stagnant for the fourth consecutive year. Farm machinery sales have been dropping worldwide since 1981. Canadian farm equipment sales were $2.15 billion that year. In 1983, they fell to $1.78 billion, a drop of 17% in 2 years. Until farm net income increases beyond the level of inflation, it is unlikely that equipment sales will rebound.

Farmers, being the eternal optimists, are looking forward to 1985 with a sparkle in their eyes. The second annual Western Canadian Crop Production Show (sponsored by the Prairieland Exhibition Corporation) was sold out, with a number of potential exhibitors being turned away.

1985 will also witness the first Canada Dairy Expo. If this show takes off like the Crop Show, Saskatoon and the Exhibition will have another winner on their hands.

2. CONSTRUCTION

There were 800 less permits issued in 1984 vs. 1983; with single and duplex dwellings down by 327 permits.

Tables 2 and 3 show the 1984 values of building permits, issued by the City of Saskatoon, totalling $204.4 million - a 2% increase over 1983. As demonstrated in Figure 2, total residential values were down 10% - $97,110,900 value in 1984 vs. $108,050,900 for 1983

Total single and duplex units started were 991 in 1984, down from the 1,318 issued in 1983. Apartment units amounted to 924 in 1984 vs. 959 in 1983.

Other areas within the construction industry were as follows: office $15,166,000 (1984) vs. $5,178,000 (1983) - representing an overall increase of 193% as opposed to a 53% increase in 1983 over 1982; warehousing $5,893,000 (1984) vs. $6,656,000 (1983) - for a decrease of 11% compared to an increase of 7% in 1983 over 1982; manufacturing $2,378,000 (1984) vs. $4,537,000 (1983) - for a decrease of 47% compared to an increase of 42% in 1983 over 1982; institutional $52,254,000 (1984) vs. $38,581,000 (1983) - for an increase of 35% compared to an increase of 222% in 1983 over 1982.

There a number of strong indicators pointing to continued growth in the construction area:

1) Institutional - Construction will start on such projects as the University of Saskatchewan Administration Building, new multi-purpose arena complex, Circle Drive Alliance Church senior citizens complex, new level 4 care home, additions to St. Paul's and University Hospitals, and Mennonite senior citizens complex.

2. Commercial - New developments include 90,000 sq. ft. Grand Center Mall, 200,000 sq. ft. expansion to County Fair Plaza, expansion of Lawson Heights Mall, expansion of SEDCO Centre, Boychuk office complex, Park Town office complex, Tide Water office/residential complex, and Plainsman retail complex.

3. Industrial - Major expansions to Northern Telecom, Weldon's Concrete, Saskatoon Boiler, new Dupont of Canada plastics pipe plant, Mid West Fiberglass plant, continuing expansions to Eldor and Cluff Lake Mines, expansion of Superior Hard Chrome, and Carling O'Keefe expansion, to name a few.

The following figures will show Saskatoon's standing in western Canada on a per capita building ratio. Also shown are Saskatoon, Regina and Saskatchewan annual figures.

City	1984 Construction Value	Population	Per Capita Building Ratio
(1) Vancouver	$715,623,297	440,000	$1,626
(2) Saskatoon	204,436,950	170,750	1,197
(3) Regina	116,517,915	172,340	966
(4) Winnipeg	407,325,000	602,164	676
(5) Calgary	411,461,436	619,815	664
(6) Edmonton	333,930,310	560,085	596

VALUE OF BUILDING PERMITS

YEAR	REGINA	SASKATOON	SASKATCHEWAN
1973	$ 67,471,000	$ 41,900,000	$183,979,000
1974	90,873,000	51,400,000	238,282,000
1975	150,939,000	128,600,000	430,185,000
1976	169,858,000	132,100,000	516,414,000
1977	181,287,000	163,400,000	539,514,000
1978	144,000,000	153,600,000	487,000,000
1979	179,000,000	257,500,000	667,000,000
1980	139,000,000	212,400,000	546,000,000
1981	184,000,000	199,700,000	575,000,000
1982	150,000,000	145,400,000	430,000,000
1983	176,000,000	200,400,000	613,476,000
1984	166,517,915	204,436,950	569,594,000

In addition, there are other indicators that Saskatoon's economy is strong and will continue to be so throughout 1985. A brief overview of 1984 activity is as follows:

(i) In 1984, there were 23 industrial starts/expansions in excess of $100,000 (consolidated total = $6 million.)

(ii) There were 62 commercial/retail starts/expansions in excess of $100,000 (consolidated total = $33 million.)

(iii) The institutional market showed 46 permits issued in excess of $100,000 (consolidated total = $59 million.)

(iv) Residential permits in excess of $100,000 were 36 (consolidated total = $24.5 million.)

TABLE 2

Saskatoon Building Permits

(Category Breakdown)

1974 - 1984

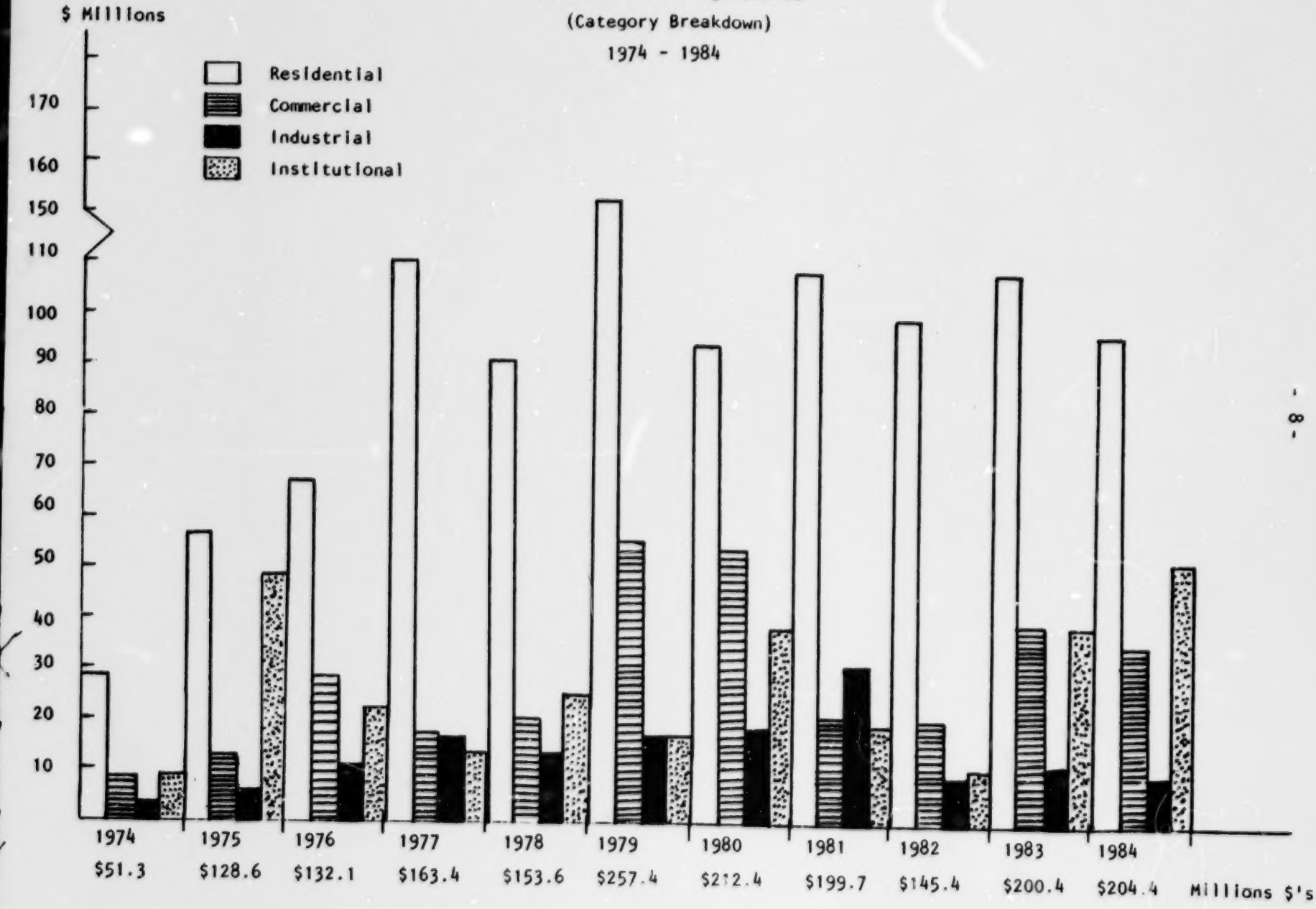


TABLE 3

Value of Construction Permits

1973 - 1984

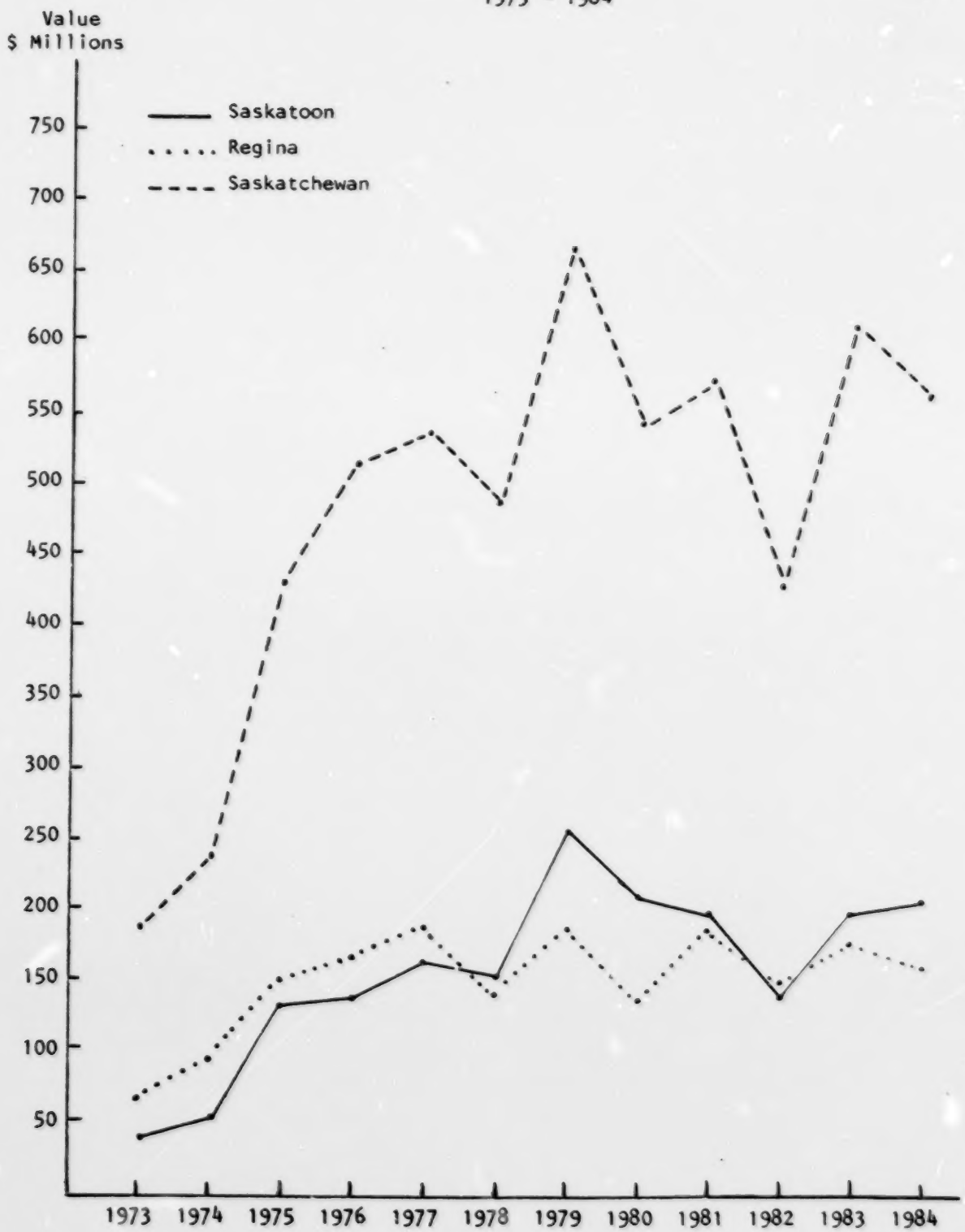


FIGURE 2

SASKATOON COMMERCIAL AND INDUSTRIAL BUILDING PERMITS

Year	Commercial ($ Millions)	Industrial ($ Millions)
1973	8.0	1.3
1974	8.5	4.9
1975	13.5	6.1
1976	28.6	10.6
1977	18.8	17.4
1978	21.2	14.5
1979	56.0	23.1
1980	54.9	19.1
1981	22.3	32.9
1982	21.0	9.4
1983	39.8	11.2
1984	35.0	8.3

FIGURE 3

SASKATOON RESIDENTIAL BUILDING STARTS

Year	Dwellings Single/Duplex	Apartments Units	Total Dwelling Units	Total Permits
1973	1,073	269	1,342	2,622
1974	1,061	286	1,437	2,723
1975	1,546	1,138	2,684	3,724
1976	1,480	1,197	2,649	3,731
1977	1,524	3,290	4,814	3,948
1978	1,680	1,004	2,684	4,094
1979	1,921	2,027	3,948	4,315
1980	1,059	916	1,975	3,350
1981	1,183	1,716	2,899	3,319
1982	760	2,078	2,838	2,936
1983	1,318	959	2,277	3,918
1984	991	924	1,915	3,122

All Figures are Obtained
From the City Building Records

FIGURE 4

MAJOR PROJECTS UNDERWAY AS OF JANUARY 1, 1984

PROJECTS	DESCRIPTION	VALUE
Structon Developments	Shopping Plaza-Phase I	$ 570,000
Circle Drive Personal Care Home	Nursing Home	3,000,000
St. Peter School	Elementary School	2,500,000
Carling O'Keefe Breweries	Expansion	2,600,000
Sask Tel	Warehouse	620,000
Milbrandt Homes	Apartments	506,000
Government of Canada	Hydrology Center	13,000,000
Ne-Ho Enterprises Ltd.	Hotel Additions	750,000
Remai Construction (1981) Inc.	Apartments	5,300,000
Fijord Holdings Ltd.	Apartments	750,000
St. Paul's Hospital	Parkade	2,500,000
City of Saskatoon	Garage Expansion	1,000,000
Government of Saskatchewan	Liquor Store	650,000
Louisville Truck Centre	Showroom	1,400,000
Plainsman Developments	Shopping Mall	1,000,000
McDonald's Restaurant	Restaurant	560,000
Government of Canada	Fire Station	670,000
Princeton Developments	Office Building	7,600,000
University of Saskatchewan	Education Building	950,000
Structon Developments Ltd.	Apartments	1,700,000
Saskatoon Board of Education	School Addition	460,000
J. I. Case Company	New Facility	1,300,000
Government of Canada	Bulk Mail Facility	585,000
Style-Rite Homes	Apartments	1,300,000
City of Saskatoon	Chlorination Facility	530,000
Board of Education	School	2,400,000
Princeton Developments	Office Complex	3,400,000
Park Terrace Joint Venture	Apartments	1,200,000
Ahepa Lodge	New Hall	400,000
Western Limited	Retail Complex	1,100,000
YWCA	New Facility	3,550,000
City of Saskatoon	City Hall Renovation	2,100,000
University of Saskatchewan	Geology Building	12,000,000
Sask. Housing Corporation	Apartments	4,700,000
St. Paul's Hospital	Alterations	400,000
Birchwood Holdings Ltd.	Apartments	1,000,000
Remai Construction (1981) Inc.	Apartments	1,500,000
Government of Canada	Education Building	3,700,000
Saskatoon Christian Center	Church	960,000
Embassy Apartments	Apartments	1.040,000
Vakhos Restaurants	Restaurant	550,000
SEDCO	Office	400,000
Western Development Museum	Warehouse	1,500,000
University Hospital	School Addition	3,115,000
University of Saskatchewan	Education Building Addition	760,000
City of Saskatoon	Water Treatment Expansion	1,914,000
J.R. Capital Corporation	Hotel Alterations	480,000
Wolfe & Gloeden Developments Ltd.	Apartments	725,000
	TOTAL	$100,695,000

FIGURE 5

MAJOR PROJECTS PLANNED AND/OR ANNOUNCED
FOR 1985+ THAT WILL AFFECT THE ECONOMY OF SASKATOON

COMPANY	PROJECT	REMARKS	VALUE
St. Paul's Hospital	Expansion	1985-87	$ 50,000,000
University Hospital	Expansion	1985-87	50,000,000
City Hospital	New	1986-88	100,000,000
City of Saskatoon	2 Rec. Complexes	1986-87	12,000,000
Weldon's Concrete Plant	New Addition	1985-86	1,000,000
Develcon Electronics	New Plant	1986-87	10,000,000
Electronic Firm	New Plant	1986-87	10,000,000
Agriplace	Various Projects	1985-90	10,000,000
Husky Oil	Heavy Oil Upgrader	1985-88	1.5 billion
University of Sask.	College of Agriculture	Planning	80-100,000,000
University of Sask.	Administration Bldg.	Planning	5,000,000
Government of Sask.	Level 4 Care Home	1985-86	20,000,000
Cigar Lake	Uranium Mine	1989-92	500,000,000
Canadian Occidental	Mine Testing	1985-90	20,000,000
Fisher Construction	Residential/Commercial	1985-87	15,000,000
Royal Bank	Office Complex	Planning	8,000,000
City of Saskatoon	Multi-Purpose Complex	1985-86	20,000,000
Prairieland Exhibition	Agricultural Complex	1985-87	10,000,000
NewGrade Energy	Heavy Oil Upgrader	1985-88	600,000,000
Northern Telecom	Expansion	1985	2,000,000
Boychuk Ltd.	Office Complex	1986	2,000,000
Park Town	Office Complex	1986-87	9,000,000
SEDCO Centre	Expansion	1986-87	5,000,000
Lawson Heights Mall	Expansion	1986	2,500,000
County Fair Plaza	Expansion	1985-87	17,000,000
Grand Center Mall	New Retail	1986-87	9,000,000
Water World Complex	Recreational	1986-87	7,000,000
Earl's Restaurant	Restaurant	1986	1,000,000
Starrex/SMDC	Gold Mining	1986-88	50,000,000
Mennonite Church	Senior Citizens	1986	2,000,000
Plainsman Developments	Retail	1986	1,000,000
Dupont of Canada	Plastic Manufacturing	1985	1,200,000
		TOTAL	$3.16 billion

FIGURE 6

SASKATOON RETAIL TRADE

Year	(1) Current Dollars ($ Millions)	(2) % Change Over Previous Year	(3) Inflation Rate City of Saskatoon
1973	$ 267.9	12.8	
1974	341.5	27.5	
1975	374.7	9.7	
1976	496.9	33.7	
1977	512.0	3.0	
1978	569.9	11.3	
1979	664.5	16.5	10.7%
1980	775.5	16.7	11.4%
1981	875.6	12.9	11.2%
1982	924.7	5.6	6.5%
1983	1,041.1*	7.0	5.5%
1984	1,100.0*	3.0	3.5%

Source: (1) Data Collected by the Saskatchewan Retail Merchants Association.
(2) Calculated by the Saskatoon Industrial Development Office.
(3) Obtained from Bureau of Statistics, Government of Saskatchewan.
* Estimated by the Saskatoon Industrial Development Office.

FIGURE 7

SASKATOON RETAIL TRADE

	1979	1980	1981	1982	1983
	thousands of dollars				
Food stores	144,738	170,374	196,100	217,542	216,040
General merchandise	124,845	137,932	150,258	154,421	132,248
Automotive accessories	19,961	26,446	32,465	37,023	44,174
Service stations	37,711	47,161	58,339	63,135	60,473
Motor vehicle dealers	137,148	141,532	157,227	138,696	173,321
Motor vehicle repair shops	16,778	20,199	23,095	25,558	25,531
Shoe stores	6,962	9,306	11,209	12,306	10,958
Men's clothing stores	8,746	10,534	11,967	11,677	12,320
Women's clothing stores	15,759	17,692	20,782	25,972	27,767
Clothing & dry goods n.e.s.	10,462	13,353	14,629	15,420	14,549
Hardware stores	15,155	20,293	22,544	19,308	21,816
Household furniture & appliance stores	37,601	45,130	51,706	55,267	65,744
Radio, T.V. & electrical appliance repair shops					712
Drug stores	33,140	38,456	43,968	49,122	50,628
Book & stationery stores	3,502	3,601	4,194	6,040	7,661
Florist shops	2,445	2,897	3,638	3,884	4,370
Jewellery stores	8,501	10,356	12,333	12,875	13,017
Tobacco stores					1,067
All other stores	85,917	104,639	120,978	124,336	144,106
TOTAL ALL STORES	709,367	819,900	935,430	972,582	1,026,503

Source: Saskatchewan Bureau of Statistics - Retail Trade 1978-83

Total permits issued for 1984 were 3,122 which compares to 3,918 in 1983. At the end of 1984, there was in excess of $100.6 million of construction underway.

Figure 3 shows the historical record of housing starts from 1972 - 1984. At the end of 1984, Saskatoon's housing stock included 37, 905 one-unit dwellings, plus 18,907 multiple dwellings, for a total of 56,812 housing units.

3. MAJOR PROJECTS UNDERWAY AND PLANNED

Major projects currently underway in the city are valued in excess of $100.6 million and are listed in Figure 4.

Figure 5 indicates major projects that are planned for 1985+. It is well known that these projects will have a very positive effect on Saskatoon's economy. Over the course of the next 5 years, there will be in excess of $3.5 billion.

4. RETAIL TRADE

Saskatoon continues to be one of the nation's leaders in retail sales for major cities of 100,000+ population (on a per capita basis.) At the time of writing, final figures were not available for publication.

The Industrial Development Office estimates retail trade to have exceeded $1.1 billion. This is the second consecutive year that sales have exceeded the billion dollar level, as indicated in Figure 6. Saskatoon's retail trade category breakdown is shown in Figure 7.

5. MINING AND MINERAL PRODUCTION

The mining industry in Saskatoon continues to be one of the more dominant forces affecting the Saskatoon economy.

The past few years have witnessed depressed mineral prices on a world-wide scale. Within Saskatchewan potash, oil and gas, and uranium all saw increased sales, but at reduced prices. However, these sectors all posted profits for 1984.

The total of these Saskatchewan mineral values was $3.074 billion in 1984 compared to $2.457 billion in 1983. Strong gains in crude oil production and significant increases in potash sales were the main driving forces behind these increases.

LEADING VALUES AND PRODUCTION

	Crude Oil	Potash	Uranium
1984	$1.87 billion on 10.76 million cubic meters	$850 million on 7.65 million K_2O tonnes	$354 million on 7.2 million kilograms U_3O_8
1983	$1.65 billion on 9.5 million cubic meters	$685.9 million on 5.93 million K_2O tonnes	$121.4 million on 2.77 million kilograms U_3O_8
1982	$1.18 billion on 8.1 million cubic meters	$642.9 million on 5.21 million K_2O tonnes	$251 million on 3.5 million kilograms U_3O_8
1981	$821.0 million on 7.39 million cubic meters	$998.0 million on 6.4 million K_2O tonnes	$258.0 million on 3.4 million kilograms U_3O_8

The following table demonstrates the running economic impact on Saskatoon's economy. This is a yearly impact and will continue to grow as more of Saskatchewan's mineral wealth is unlocked and finds its way into world markets.

1985 Mine/Resource Survey.

The mining and resource companies located in Saskatoon were contacted and the following are the aggregate totals for this sector of the economy.

Number of Employees located in Saskatoon	1,092
Total projected annual payroll	$37,191,000
Number of employees, consultants, geologists & contractors working at the mine site outside of the City of Saskatoon	2,709
Total projected annual payroll of above group	$95,285,000
Average annual salary for this sector	$34,600.00
Estimated annual cost of capital purchases (major equipment) obtained from Saskatoon firms.	$31,865,000
Estimated annual operating purchases (materials, repairs, supplies, food) obtained from Saskatoon firms.	$75,872,000
Estimated annual cost of transportation & accommodation (air charter, trucking, hotels) obtained from Saskatoon firms.	$ 64,838,000
Overall input into the Saskatoon economy.	$305,051,000

Of the 14 firms contacted, 11 answered the survey.

A. OIL

At the present time, Saskatchewan has approximately 15% of known Canadian oil reserves. Owing to revamped royalty and tax structures introduced by the Provincial Government, oil production is at capacity levels.

1984 witnessed an all-time high in the number of oil and gas wells completed. The number approached 3000, shattering the previous record of 1800 in 1983.

Saskatchewan's current production is approximately 170,000 barrels a day, and it is not unusual to have this being oversubscribed. The majority of the exploration activity took place between North Battleford, Kindersley and Kerrobert areas of the province. Other hot spots of activity were the Swift Current area and the Estevan/Weyburn district.

Planning and engineering studies are well underway for the $3.2 billion Husky and $600 million Newgrade heavy oil projects located at Lloydminster and Regina respectively.

The Saskatchewan oil and gas scene is attracting Canadian and some United States interest. During 1984, there were in excess of 200 oil- and gas-related firms which registered in Saskatchewan.

B. POTASH

Of the 10 producing potash mines in Saskatchewan, 6 are within a 70-mile radius of Saskatoon. Saskatchewan has the largest known potash reserves in the free world. The 6 mines employ approximately 2500 and are responsible for in excess of $155 million on a yearly basis to the economy of Saskatoon.

Potash sales were up in 1984 to near record levels, but due to lower prices, profits have not returned to normal levels.

There is continuing optimisim that United States markets and offshore markets will rebound during 1985. Along with this rebound will be conservative price increases which will have a positive effect on the bottom line.

C. URANIUM

Saskatchewan uranium mines continued expansion programming at Cluff Lake and Rabbit Lake mine sites. The new Key Lake mine produced in excess of 10 million pounds of uranium. There was considerable discussion about the new Cigar Lake proposal for 1985. This could conceivably be the richest deposit in the world and will cost approximately $500-$600 million to bring into production.

Uranium is now rivaling potash as the number one mining resource sector for economic benefits to the economy of Saskatoon. The industry currently employs 1,453 and spends in excess of $83,380,000 on local goods and services, year-in, year-out.

D. GOLD

"There is gold in those hills" the saying goes, and a number of Canadian mining firms are just starting to realize to what extent and, more important, at what grade. What is emerging as a strong focal point and will further strengthen Saskatoon's image as the provincial resource center is the number of gold plays occurring in the La Ronge region.

Currently, there are 14 gold mining firms actively exploring and mapping deposits. Some of the larger firms are: Giant Yellowknife, Hudson Bay Explorations, Noranda, and our own Claude Resources and Saskatchewan Mining Development Corporation. Six gold deposits are in advanced stages of exploration. Preliminary economic evaluations of these deposits indicate mine feasibility with 3 separate mills centered at Waddy Lake, Star Lake, and Laonil Lake. It is anticipated that substantial economic benefits will flow from the emerging gold industry in northern Saskatchewan as these and the following firms take a more active interest: Colray Resources Ltd., Golden Rule Resources, Waddy Lake Resources, Currie Rose Resources, Starrex Mining, Mahogany Mineral Resources, Granges Resources, Carina Mineral Resources, and Energy Reserves Canadian.

6. EMPLOYMENT

The most recent estimate of Saskatoon's work force is shown in Figure 8 and Figure 9.

FIGURE 8

SASKATOON'S WORK FORCE

Estimated by the Saskatoon Industrial Development Office

Total Available Work Force	80,000
Manufacturing	7,000
Construction	3,000
Transportation, Communication and other Utilities	11,000
Trade	18,000
Services	26,000
Public Administration & Defence	11,000
Other	4,000

FIGURE 9

CITY OF SASKATOON

SELECTED EMPLOYMENT STATISTICS BREAKDOWN

	1984 Actual	1983 Actual	% Change
Uranium & Miscellaneous Metal Mines (057-059)	839	664	+26
Potash Mines (079)	2,341	2,341	0
Services Incidental to Mining (096-099)	358	412	-13
Food & Beverage Industries (101-109)	2,061	2,141	-3
Rubber & Plastics Products (162-165)	49	39	+2.5
Textile Industries (174-239)	40	43	-6
Clothing Industries (243-249)	242	315	-23
Wood Industries (251-259)	390	358	+8
Furniture & Fixture Industries (261-268)	57	51	+11
Printing, Publishing & Allied Industries (286-289)	778	790	-1
Primary Metal Industries (291-298)	51	83	-38
Metal Fabricating Industries (301-309)	630	680	-7
Machinery Industries (311-318)	463	512	-9
Transportation Equipment Industries (321-329)	275	231	+19
Electrical Products Industries (331-339)	942	909	+3
Non-Metallic Mineral Products (351-359)	288	392	-26
Petroleum Industries (064, 365-369)	143	113	+26
Chemical Products Industries (372-379)	181	176	+2
Miscellaneous Manufacturing (391-399)	474	480	-1
TOTAL EMPLOYMENT	10,602	10,734	-1

Source: 1983 and 1984 Survey of Manufacturers, Mines and Mine Supply Companies as conducted by the Industrial Development Office.

The one overshadowing factor that prevailed in 1984 was the consistently high level of unemployment. Saskatoon's unemployment rate during 1984 ranged from a low of 10.5% to 13.5%. Although there are a number of assumptions as to why this is occurring, including the fact that the economy in general is far from performing to full potential, the main cause appears to be labour force growth. Between March 1983 and March 1984, 71% of the provincial labour force growth occurred in the Saskatoon area.

Throughout 1984 there were in excess of 5000 new jobs created ranking Saskatoon as having one of the highest per capita job creation records in the nation.

The unemployment rate is of concern to all within the community, especially those unemployed between the ages of 15 and 25. It is precisely because of this concern that the Mayor, in cooperation with the Board of Trade, is heading up a task force to deal with the issues of youth unemployment. The task force is comprised of education, labour, youth, federal, provincial and business representatives.

Figure 10 portrays employment by Standard Industrial Classification categories.

FIGURE 10

Number of Employees by Industry for the Month of May

(thousands)

	1983	1984
MANUFACTURING:	6.7	6.8
Durable Goods	(2.3)	(2.7)
Non-durable Goods	(4.4)	(4.1)
TRANSPORTATION, COMMUNICATION & OTHER UTILITIES:	4.2	4.5
TRADE - COMMERCE:	12.2	13.8
Wholesale Trade	(3.7)	(4.3)
Retail Trade	(8.5)	(9.5)
FINANCE, INSURANCE & REAL ESTATE:	2.8	2.8
COMMERCIAL, BUSINESS & PERSONAL SERVICES INDUSTRY:	26.6	28.3
Education & Related Services	(8.8)	(9.5)
Health & Welfare Services	(6.6)	(6.6)
Accommodation & Food Services	(4.3)	(4.3)
INDUSTRIAL AGGREGATE:	55.8	60.3

Source: Statistics Canada 72-002

Note: It has been observed that the Month of May index usually approximates the annual average index.

7. BUSINESS DEVELOPMENT & MANUFACTURING ACTIVITIES

Throughout 1984 the Industrial Development Office received over 2000 written and telephone enquiries requesting information on the City of Saskatoon.

The staff conducted over 200 personal interviews with individuals and firms seeking advice and data concerning the economic activity for the city and region.

Although 1984 could not be described as a banner year to all businesses, there were those who had a very good year. There are also those who continue to have difficulty and there are a number who for one reason or another closed their premises.

The City of Saskatoon continues to attract both outside and local investment into the business community. By and far the largest investment growth was in the service sector. Of the 400 net new businesses to the community, over 90% were small, service/retail oriented. However, here is where the jobs were created. In today's economy, two out of every three employed are in service industries.

A number of new and exciting developments occurred in 1984 that will have a strong and positive effect on the Saskatoon economy:

a. Saskatoon closed the year with the lowest inflation rate amongst major Canadian cities, registering 2%. The highest was Thunder Bay (Ont.) at 4.3%. Regina's inflation rate for 1984 was 3.3%.

b. The new $21 million level 4 care nursing home was announced by the Department of Supply and Services, and Saskatchewan Health, construction will start in 1985.

c. The apartment vacancy survey (conducted by C.M.H.C.) indicates that for privately initiated projects, the rate was 1.1% in October. This is a decrease from vacancy rates of 4.8% recorded in April and 2.3% recorded in October 1983. The vacancy rate for publicly initiated rental apartments was 1.5% in October 1984. Combining this with the privately initiated rental apartments results in an overall vacancy rate of 1.2% for the city.

d. SED Systems Inc. has entered into a $26 million contract with Paramax Electronics of Montreal to supply communication and meteorological systems for Canada's new frigate fleet.

e. Flexi-Coil Ltd. is one of a few Canadian manufacturers to sign a technology transfer agreement with the Soviet Union. The Soviets approached Flexi-Coil to help them upgrade their agriculture technology.

f. Although Saskatoon may be lacking a Bay Street, the city does have a thriving investment community. Three new international firms joined the growing community: McLeod Young and Weir Ltd., Merrill Lynch, and Nesbitt Thompson.

g. The Canada - Saskatchewan Mineral Development Agreement came into effect. The federal and provincial governments have each agreed to contribute

$3 million to undertake further research into geological mapping and geochemical surveys over known gold belts and gold occurrences.

h. Saskatchewan is predicted to outperform the Canadian economy for the next two years.

i. A new $6 million Plant Biotechnology Institute was unveiled which will become part of the National Research Institute's complex at the University of Saskatchewan. Twenty new employment opportunitites will be created.

j Saskatoon continues to have one of the lowest business tax structures in all of Canada.

k. New Technology - Saskatoon will be the prime benefactor of the province's new $5 million research and development fund. There are 7 programs attached to the fund which will foster a climate for Saskatchewan's high-tech industry.

The provincial government will also contribute $1.6 million towards a high technology training center at Kelsey Institute of Applied Arts and Sciences. This is in tandem with a $2 million grant from the federal government. The primary objective of the training center (ATTC - Advanced Technology Training Centre) will be to retrain and upgrade skills of technicians and technologists.

New technology companies (research and development, service, and manufacturing) now employ in excess of 3000. The new Technology Directory now has 106 listings. This is an increase of 17% in employment and 16 new listings compared to the previous year. The table on the following page attempts to depict the economic impact that the technology sector has on the community.

l. Some of the larger industrial undertakings for the year are: expansion to Northern Telecom, expansion to Carling O'Keefe, new facilities for Craft Litho, Midwest Fiberglass Industries , and Provincial Galvanizing.

MANUFACTURING ACTIVITY FOR 1984

N.B. = New Business to City
B.E. = Business Expansion of Existing Premises
B.E.N. = Business Expansion to New Facility

COMPANY	PRODUCT	DESIGNATION
H & H Belgian Chocolatiers	Manufacturing chocolates	N.B.
Midwest Fiberglass Industries Inc.	Fiberglass piping	N.B.
Debonair Glass Inc.	Insulated glass	N.B.
Spartan Steel Ltd.	Steel fabrication	N.B.
Paar Distributors Ltd.	Agriculture parts	B.E.N.
The Finishing Touch	Millwork	N.B.
Burton Doors	Millwork	N.B.

COMPANY	PRODUCT	DESIGNATION
Print Masters	Printing	N.B.
Flyght Canada Division	Custom manufacturing	N.B.
Key Fabricators	Custom manufacturing	N.B.
Heartwood Industries Ltd.	Millwork	N.B.
Armco Westeel Inc.	Steel coulverts	N.B.
Prestige Woodworking	Millwork	N.B.
Healy Window Manufacturing	Window manufacturing	N.B.
Medallion Caskets Ltd.	Caskets	N.B.
Jedgwick Holdings Ltd.	Furniture manufacturing	N.B.
Prairie Opthalmics Inc.	Eyeglass manufacturing	N.B.
Provincial Galvanizing Ltd.	Galvanizing	N.B.
J. R. Manufacturer	Toy manufacturing	N.B.
Prairie Perogies	Frozen perogies	N.B.
John's Cookie Co.	Cookie manufacturing	N.B.
Bohscott Publishing Corp.	Publishing	N.B.
Electromotive Manufacturing Incorp.	Custom printed circuit boards	N.B.
Cortech Sytems Ltd.	Corrosion coating	N.B.
Powerflex Driveline Services	Rebuild and manufacture drivelines	N.B.
Walters Awning and Canvas	Awning manufacturing	N.B.
ArleeWoodworks	Cabinet manufacturing	N.B.
Diversified Fabricators & Welding	Fabricating	N.B.
J & P Cable Services	Custom cable assemblies	N.B.
P.G.E. Technologies	Edible oil products	N.B.
Flinders Corporation	Machining and fabricating	N.B.
The Village Press	Publishing	N.B.
Universal Photobutton Co.	Manufacturing	N.B.
O.C. Industries	Furniture manufacturing	N.B.
Pacific Industrial Scale Co. Ltd.	Scale manufacturing	N.B.
Median Publishing Company	Publishing	
Tru-Fab Prebuilt Buildings	Prebuilt structures	N.B.
Imperial Casket (Manitoba) Ltd.	Casket manufacturing	N.B.
Saskatoon Platic & Metal Products	Plastic signs and related products	N.B.
Prosask Janitorial Supplies Ltd.	Janitorial supplies	N.B.
Nick's Foods	Coating mix for poultry & meat	N.B.
Quality Mushroom Farm Ltd.	Food processing	N.B.
Melymick Plastics Inc.	Plastics	N.B.
J.D. Industries Ltd.	Ladder manufacturing	N.B.
Castle Industries Ltd.	Sheet metal fabrication	N.B.
Pack-Mem Holdings	Manufacturing field markers	N.B.
Thompson Steel Industries Inc.	Manufacturing farm equipment	N.B.
Van Walters & Rogers Ltd.	Chemical manufacturing	N.B.
Marble Essence Inc.	Hot tub manufacturing	N.B.
Plainswest Manufacturing	Farm equipment manufacturing	N.B.
Economy Sheet Metal Ltd.	Sheet metal fabrication	N.B.
Landmarkee Outdoor Furnishings	Manufacturing barbecues and picnic tables	N.B.
Sun-Trol Shade Products	Drapery & blind manufacturing	N.B.
WLS Farm Equipment Assembly Ltd.	Assembly	N.B.
Horizon Robotics	Robotic manufacturing	N.B.
J.H. Enterprises	R.T.M. homes	B.E.
SED Systems	Electronic manufacturing	B.E.
Craft Litho	Printing	B.E.N.
Provincial Plating Ltd.	Metal plating	B.E.
Carling O'Keefe Breweries	Brewing	B.E.

1985 Technology Survey

The Industrial Development Department contacted the majority of technology companies operating in the City of Saskatoon, with the following aggregate totals of spending for this sector of the economy.

	CONSULTANTS	RESEARCH & DEVELOPMENT	MANUFACTURING	TOTAL
Number of Employees in Saskatoon	194	476	1,371	2,041
Total projected Annual payroll	$5,515,720	$15,387,544	$34,677,700	$55,580,964
Average Annual Salary for this sector	$28,400	$32,300	$25,300	
Estimated annual cost of capital purchases (major equipment) obtained from Saskatoon firms.	$376,000	$2,874,523	$2,680,000	$5,930,523
Estimated annual operating purchases (materials, repairs, supplies) obtained from Saskatoon firms.	$781,500	$3,777,088	$10,362,500	$14,921,088
Estimated annual cost of transportation & accommodation (air, trucking, rail, hotels) obtained from Saskatoon firms.	$230,700	$386,844	$4,032,750	$4,650,294
Number of support employees, ie. consultants, contractors, etc. working for your firm.	45	39	107	191
Total projected annual payroll of above group.	$470,000	$2,013,000	$2,302,500	$4,785,500
Estimated annual cost of rental for buildings.	$593,540	$363,300	$1,031,860	$1,988,700
Estimated size of building space for operation, in square feet.	90,427	416,769	409,200	916,396 sq. f
Estimated annual costs of training programs for your employees.	$124,900	$34,900	$433,000	$592,800
Overall input into the Saskatoon economy				$88,449,869 **********

Of the 76 firms contacted, 54 responded to the survey.

8. POPULATION

Figure 11 contains a number of statistics related to the size of the city's population, housing stock, postal adresses, etc. The data presented in this figure indicates that the city's population is in the vicinity of 175-180,000.

The historical growth of Saskatoon's census population is shown in Table 5 and the Saskatchewan Hospital Services Plan is listed in Figure 12.

FIGURE 11

SASKATOON POPULATION AND HOUSEHOLD STATISTICS

	Addresses To Which The Post Office Delivers	Saskatoon Registrants Under the Saskatchewan Hospital Services Plan	Statistics Canada Population	Households[1]	Number of Persons Per Dwelling (Statistics Canada)
June 1976	46,577	135,231	133,750	46,426	2.9
June 1977	-	138,376	-	48,679	-
Dec. 1977	49,165	-	-	50,200	2.8[2]
June 1978	-	141,167	-	52,120	2.7[2]
Dec. 1978	54,391	-	-	-	-
June 1979	-	144,672	144,269[3]	55,500	2.6[2]
Dec. 1979	57,723	-	-	-	-
June 1980	-	-	-	-	-
Dec. 1980	65,723	149,300[2]	-	59,698	-
June 1981	-	154,261	152,747	-	2.6
Dec. 1981	68,197	-	-	61,605	-
June 1982	-	159,581	-	-	-
Dec. 1982	69,007	-	-	63,424	-
June 1983	-	164,304	-	63,629	2.6
Dec. 1983	73,357	166,450[2]	-	65,906	-
June 1984	-	170,748	-	-	-
Dec. 1984	75,679	175,000[2]	-	67,701[1]	2.6

[1] Assessor's Department figures

[2] Estimated by Saskatoon Industrial Development Office and/or City Planning Department

[3] City of Saskatoon's Census figure as of June 1, 1979

TABLE 5

Census Population In Saskatoon

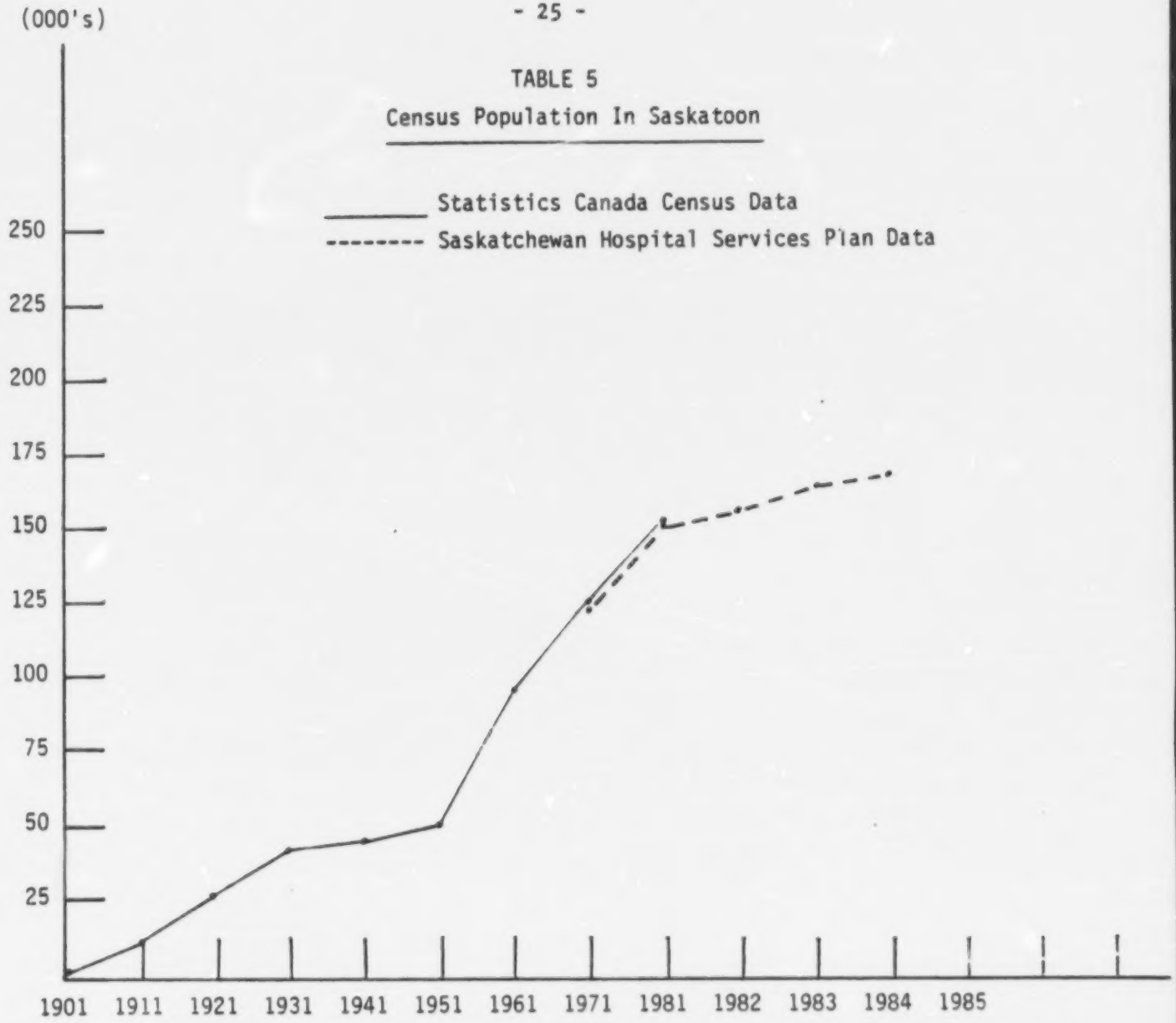


FIGURE 12

POPULATION GROWTH OF SASKATOON 1965 - 1984

YEAR	POPULATION	ABSOLUTE CHANGE	PERCENT CHANGE
1965	106,021	4,862	4.8%
1970	125,598	(1,108)	(0.9%)
1975	132,780	4,310	3.4%
1976	135,231	2,451	1.8%
1977	138,376	3,145	2.3%
1978	141,167	2,791	2.0%
1979	144,672	3,505	2.4%
1980	149,300	4,628	3.1%
1981	154,261	4,961	3.3%
1982	159,581	5,320	3.4%
1983	164,304	4,723	3.0%
1984	170,748	6,444	3.9%

() indicates a net loss of population.

Saskatoon's current growth rate for the past decade is 28%. The period 1979 - 1984 witnessed an 18% increase.

9. SASKATOON'S FINANCIAL VIABILITY

Saskatoon has one of the highest credit ratings of major Canadian municipalities. While other Canadian centers are being re-evaluated, Saskatoon continues to maintain an AA HIGH rating. The current rating testifies to the city's economic stability and indicates this community is one of the most profitably managed in Canada.

Saskatoon is unique among Canadian municipalities in that not only does it have one of the lowest per capita debts in the nation, but the debt is decreasing at an increasing rate.

10. SUMMARY

The economic prospects for Saskatoon throughout 1985 would appear to be strong and stable. The city is on the verge of exciting and challenging times. The next five years will position Saskatoon as one of western Canada's more dynamic cities as new developments in resource, health, education, manufacturing, tourism, and new technologies continue to unfold.

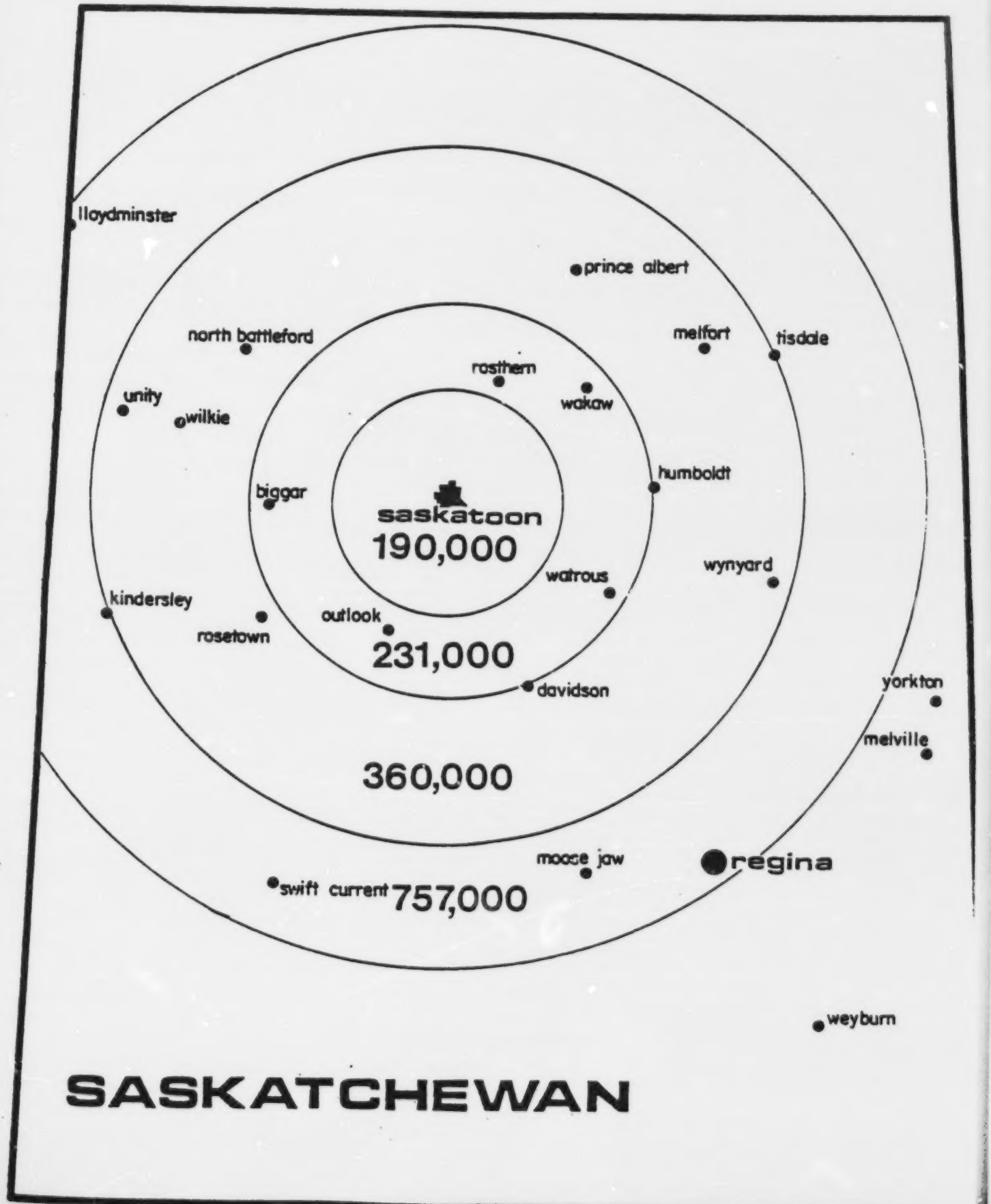
The Royal Bank of Canada and the Conference Board of Canada estimate that Saskatchewan will again lead the nation in overall growth. If Saskatchewan leads Canada, we feel safe in stating that Saskatoon will lead Saskatchewan.

APPENDICES

1. Map indicating population distribution encompassing Saskatoon
2. Statistical comparison of key economic indicators for past decade
3. Publication price list

The 1984 Economic Situation Report was compiled by the staff of the Industrial Development Office. Resource material was obtained from the following agencies and publications:

- Statistics Canada
- Provincial Department of Agriculture
- City of Saskatoon Building Department
- City of Saskatoon Planning Department


lloydminster
prince albert
north battleford
melfort
tisdale
rosthern
unity
wilkie
wakaw
humboldt
biggar
saskatoon
190,000
wynyard
watrous
kindersley
outlook
rosetown
231,000
davidson
yorkton
melville
360,000
moose jaw
regina
swift current
757,000
weyburn
SASKATCHEWAN

CITY OF SASKATOON

Statistics - 10 Year Period

			% Increase Over 10 Years
Population	1984	170,750	25%
	1974	136,500	
Income	1983	$2,423,640,000	315%
	1973	$ 583,068,000	
Trading Area Population	1984	545,000	24%
	1974	439,000	
Trading Area Income	1983	$6,981,750,000	295%
	1973	$1,765,665,000	
Construction	1984	$204,436,950	297%
	1974	$ 51,385,500	
Assessment	1984	$836,678,800	183%
	1974	$295,102,925	
Retail Trade	1984	$1,100,000,000	222%
	1974	$ 341,600,000	
Industrial Plants	1984	305	56%
	1974	195	
Manufacturing Value	1983	$692,741,000	231%
	1973	$220,810,000	
Manufacturing Payroll	1983	$120,277,000	220%
	1973	$ 37,537,000	

CITY OF SASKATOON

DAVID R. FAIRLIE
INDUSTRIAL DEVELOPMENT MANAGER

INDUSTRIAL DEVELOPMENT OFFICE

AVAILABLE PUBLICATIONS
****

Name of Publication	Price Per Copy
Economic Profile	$ 5.00
Economic Situation Report - Year End	2.00
Economic Situation Report - Six Month Update	1.00
Industrial Directory	2.00
Professional Directory	1.00
Financial Directory	1.00
Technology Directory	1.00
Profit Zones (Ind. Park Brochure)	1.00
Absorption Study	1.00
SASKATOON - Call It Home	1.00
Saskatoon the Beautiful Map-Book & Pictorial Guide	.50
Bridges Newsletter	.50
New Business Starts (per set)	2.00
Photocopied Information Sheets:	
Industrial Buildings for Lease	.50
Office Buildings for Lease	
Building Permits over $100,000.00	
Focus: Saskatoon	1.00

One complimentary copy will be made available, all additional copies will be charged the above prices.

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